

## **RULES AND REGULATIONS**

### **CHAPTER 15 – SPORTS GAMING RULES, REGULATIONS AND STANDARDS**

#### **15.2 – DISPUTE RESOLUTION REGULATIONS**

##### **15.2.1 APPLICABILITY OF REGULATION**

These dispute resolution regulations contain the mechanism by which Applicants who have submitted an application for a License, Registration, or finding of suitability pursuant to the Tennessee Sports Gaming Act, T.C.A. §§ 4-51-301 *et. seq.*, (“Sports Gaming Act”), and the Sports Gaming Rules, Regulations, and Standards (“Rules”) promulgated thereunder, may obtain a hearing on the denial of the Application, renewal, or finding of suitability determination. These Rules shall also apply to a Licensee or Registrant or Person found suitable whose approval is revoked, suspended, or not renewed, or upon which a fine is imposed.

These Rules shall also provide a process by which Players who are unable to find a satisfactory resolution to their dispute with a Sports Gaming Operator Licensee may present their claim before the Tennessee Education Lottery Corporation (“TEL” or “Corporation”).

##### **15.2.2 DENIAL OF APPLICATION FOR LICENSE, REGISTRATION, OR FINDING OF SUITABILITY**

- A. The Sports Wagering Committee of the TEL Board of Directors (the “Sports Wagering Committee”), upon recommendation by the Chief Executive Officer (“CEO”), may deny a License, Registration, finding of suitability if the Applicant has failed to meet the burden of proving qualifications for a License, Registration, finding of suitability determination, in accordance with the Rules.
- B. Any Applicant whose application has been denied by the Sports Wagering Committee, in accordance with the requirements of the Sports Gaming Act and the Rules, shall have a right to appeal the denial to the full TEL Board of Directors (“Board”).
- C. If the Sports Wagering Committee issues a denial, the Sports Wagering Committee will deliver, or cause to be delivered, to the Applicant a written Notice of Denial sent by certified U.S. mail or national delivery service to the Applicant’s address and by e-mail to the contact person for the Applicant on file with the TEL. At that

time, the Applicant will also be provided with written notice of the process for appealing the Sports Wagering Committee's recommendation to the entire Board.

- D. If the Applicant's appeal to the Board is successful, a License, Registration, and/or a finding of suitability will be approved by the Board, as applicable. If the appeal is unsuccessful, in accordance with the Sports Gaming Act and these Rules, the Applicant is entitled to request judicial review. Such appeals must be filed with the Chancery Court of Davidson County, Tennessee.
1. The Chancery Court shall hear appeals based on the record of the proceedings before the Board.
  2. The Chancery Court may reverse the decision of the Board only if the appellant proves the decision of the Board to be:
    - a. Clearly erroneous;
    - b. Arbitrary and capricious;
    - c. Procured by fraud;
    - d. A result of substantial misconduct by the Board; or
    - e. Contrary to the United States Constitution, the Constitution of Tennessee, or the Sports Gaming Act.
  3. The Chancery Court may remand an appeal to the Board to conduct further hearings.

### **15.2.3 REVOCATION, SUSPENSION, IMPOSITION OF A FINE, AND NONRENEWAL OF LICENSES, REGISTRATIONS, OR FINDINGS OF SUITABILITY**

- A. The Sports Wagering Committee, upon recommendation by the CEO, may suspend, revoke, or refuse to renew a License, Registration, or finding of suitability or impose a fine thereon for any of the reasons set forth in the Sports Gaming Act or the Rules.
- B. If, in the discretion of the Sports Wagering Committee, revocation, suspension, or nonrenewal of any License, Registration, or finding of suitability or imposition of a fine is in the best interests of the TEL, its Board, or the public policy or welfare of the State of Tennessee, the Sports Wagering Committee, may revoke, suspend, or not renew such License, Registration, or finding of suitability or impose a fine, after notice and a right to a hearing, in accordance with the provisions of the Sports Gaming Act and these Rules. Notwithstanding the foregoing, a License, Registration, or finding of suitability may be temporarily suspended by the Sports Wagering Committee, or such Committee's designee, upon exigent circumstances

without prior notice pending any prosecution, hearing, or investigation, whether by a third party or by the CEO, or such officer's designee.

- C. Each Licensee, Registrant, or Person subject to finding of suitability whose License, Registration, or finding of suitability has been revoked, suspended, or not renewed or upon which a fine has been imposed will receive written notice thereof stating the reason therefore, and, in the case of a suspension, the term of the suspension. Such notice shall be sent by certified mail, return receipt requested. Any Licensee, Registrant, or Person subject to finding of suitability is presumed to have received such notice on the fifth business day following the date such notice was placed in the mail, addressed to the last known mailing address of such Licensee, Registrant, or Person subject to finding of suitability on file with the TEL.
- D. A Licensee may not offer Interactive Sports Gaming during the term of the suspension set forth in the notice of suspension. Upon a hearing or an appeal of a suspension of a License, the term of suspension may be delayed pending the final outcome of any hearing or appeal.
- E. After suspension, revocation, or nonrenewal of a License, the Licensee shall settle its account with the TEL, in a form, manner and timeframe acceptable to the TEL, on a date designated by the CEO or his/her designee.
- F. Immediately upon any suspension, revocation, or nonrenewal of a License, such Licensee shall cease and desist from taking any further Wagers and, for any Licensee or Registrant, post on its website a statement explaining its status. The statement must receive prior approval by the TEL. Any Licensee shall send notice to all Sports Gaming Account holders that Licensee is suspended from offering Interactive Sports Gaming in Tennessee for the designated period. Licensee shall, within the next 10 days, refund all deposits and amounts of unsettled Wagers made to the Player's Sports Gaming Account, give Players the method for withdrawal or distribution of funds in the Sports Wagering Account, and deactivate the Sports Wagering Accounts upon distribution of all funds. All Supplier and Vendor Registrants must submit notice to any Licensee with which it does business of its suspended, revoked, or non-renewed status.

#### **15.2.4 REQUEST FOR HEARING FOLLOWING NOTICE OF REVOCATION, SUSPENSION, OR NONRENEWAL OR IMPOSITION OF A FINE**

- A. Any Licensee, Registrant, or Person subject to a finding of suitability may request a hearing regarding the revocation, suspension, or nonrenewal of its License, Registration, or finding of suitability or imposition of a fine. Any request for a hearing shall be in writing, addressed to the Sports Wagering Committee and be

filed with the TEL within five (5) business days of the date of receipt of written notice described in Section 15.2.3.C, hereof. The Licensee, Registrant, or Person subject to finding of suitability must provide a statement outlining the factual basis for the hearing and any additional relevant evidence to be considered by the Sports Wagering Committee along with its notice.

- B. All requests for hearings shall be sent by a national courier service, certified mail, or hand delivered, proof of delivery may be required, to the following address:

TEL Board of Directors Sports Wagering Committee  
ATTENTION: SPORTS WAGERING APPEAL HEARING  
Tennessee Education Lottery Corporation  
26 Century Boulevard, Suite 200  
Nashville, Tennessee 37214

The request will be timely if it bears a United States Postal Service postmark showing mailing on or before the fifth (5th) business day prescribed in Section 15.2.4.A, above. A request delivered by hand or national overnight courier will be timely only if received by the TEL at the above-stated address during its normal business hours on or before the fifth (5th) business day prescribed in 15.2.4.A, above.

- C. Upon receipt of a request for a hearing and upon demonstration of good cause, the Sports Wagering Committee may stay the decision to revoke, suspend, not renew, or impose a fine until a decision from the hearing is issued.

#### **15.2.5 HEARING PROCEDURES FOLLOWING NOTICE OF REVOCATION, SUSPENSION, OR NONRENEWAL OF A LICENSE, REGISTRATION, OR FINDING OF SUITABILITY OR IMPOSITION OF A FINE BY SPORTS WAGERING COMMITTEE**

- A. All hearings conducted under this subsection shall be conducted by the Sports Wagering Committee. The Committee's actions, decisions, and orders shall be subject to the appeals procedures as hereinafter provided.
- B. If there is no new evidence or facts presented in the request for hearing, then the Sports Wagering Committee may decide the case on the existing record without a hearing.
- C. If a decision is made to hold a hearing, it shall be held within thirty (30) days following receipt of any appeal request given in accordance with the provisions of

these regulations. A notice which will set forth the time, date, and location of the hearing will be sent to the party or parties requesting such hearing at least ten (10) days before the date set for such hearing.

- D. In connection with a hearing, the Sports Wagering Committee may:
1. Conduct the hearing in an informal manner without formal rules of evidence or procedure;
  2. Hold pre-hearing conferences to:
    - a) Settle, simplify, or identify the issues involved in the hearing; or
    - b) Consider other matters that may aid in the expeditious disposition of the hearing;
  3. Require each complaining party to state, either orally or in writing, its position concerning the various issues involved in the hearing;
  4. Require each complaining party to produce for examination those relevant witnesses and documents under its control;
  5. Rule on motions and other procedural items pending before the Committee, including, without limitation, the methods, scope, and extent of discovery available to the complaining party;
  6. Regulate the course of the hearing and conduct of the participants, including the imposition of reasonable time limits;
  7. Establish time limits for submission of motions or memoranda;
  8. Take official notice of any material fact not appearing in evidence in the record, if the fact is among the traditional matters of judicial notice;
  9. Administer oaths or affirmations; and
  10. Issue subpoenas to compel the attendance of witnesses and production of relevant documents.
- E. Any party may request that the hearing be conducted before a court reporter. Such request must be in writing and include an agreement by the requesting party that it shall pay for, or that it shall procure at its own cost and on its own initiative, the

court reporting services for such hearing. To be made part of the record, the original transcript of any such proceedings shall be submitted to the Sports Wagering Committee as soon as the transcript is available, but not later than five (5) business days of the hearing.

- F. The Sports Wagering Committee shall provide a written decision containing the Committee's ruling. Such opinion must be made within the later to occur of (i) thirty (30) days after the conclusion of the hearing or (ii) thirty (30) days after receiving an original transcript of the hearing pursuant to Section 15.2.5.D, above. A copy of the opinion must be sent by certified mail, return receipt requested, or delivered by a national courier service to the complaining party(ies). The party is presumed to have received such decision from the Sports Wagering Committee on the fifth (5<sup>th</sup>) business day following the date such decision was sent to the last known address of such appellant. Any further appeal shall be conducted pursuant to Section 15.2.6, below.

#### **15.2.6 PROCEDURE FOR FILING AN APPEAL WITH THE BOARD**

- A. Any appeal from a decision of the Sports Wagering Committee must be filed with the Board within five (5) business days of the date of receipt of such decision, as provided in Section 15.2.5.E.
- B. An appeal must be sent by certified mail, return receipt requested, or national courier services or hand delivered (proof of service may be required) to the following address:

Chairperson, Board of Directors

c/o Office of the General Counsel

ATTENTION: SPORTS WAGERING APPEAL

Tennessee Education Lottery Corporation

26 Century Boulevard, Suite 200

Nashville, Tennessee 37214

An appeal will be timely filed if it has an electronic stamp from a national courier or bears a United States Postal Service postmark showing mailing on or before the fifth (5<sup>th</sup>) day prescribed in Section 15.2.6.A, above. An appeal delivered by hand will be timely filed only if received by the TEL at the above-stated address during its normal business hours on or before the fifth (5<sup>th</sup>) day prescribed by Section 15.2.6.A, above.

- C. A filed appeal must be in writing and shall contain the following:
  - 1. A copy of the Sports Wagering Committee decision;
  - 2. A copy of the transcript from the hearing, if one was provided; and
  - 3. The basis for the precise factual or legal error in the decision of the Sports Wagering Committee from which the appeal is taken.
- D. The Board shall notify interested parties of the appeal within five (5) calendar days after the appeal is filed.
- E. Any interested party may file a written brief stating its position on the appeal within five (5) calendar days after receipt of such notice.

#### **15.2.7 APPEAL BEFORE THE BOARD**

- A. The entire Board will review the record on appeal and issue a written decision on behalf of the Board. As to an appeal by a Licensee, Registrant, or Person subject to a finding of suitability, the Board, may, in its sole discretion, also conduct its own review or investigation, including, without limitation, a de novo review, in whole or in part, of such claim, in the manner and under procedures that the Board shall deem appropriate under the circumstances.
- B. A copy of the Board's written decision on appeal will be sent to the appellant by certified mail, return receipt requested, or by national courier service or hand delivered. The written decision of the Board will be final, and no further appeal to the TEL or its Board will be allowed.

#### **15.2.8 JUDICIAL REVIEW**

- A. Any final decision of the Board shall be subject to judicial review pursuant to T.C.A. § 4-51-328 for any Licensee. Any Registrant, Person subject to finding of suitability, or other person aggrieved by a final action of the Board may petition for judicial review. Such appeals must be filed with the Chancery Court of Davidson County, Tennessee.
- B. The Chancery Court shall hear appeals based on the record of the proceedings before the Board.
- C. The Chancery Court may reverse the decision of the Board only if the appellant proves the decision to be:

- a. Clearly erroneous;
  - b. Arbitrary and capricious;
  - c. Procured by fraud;
  - d. A result of substantial misconduct by the Board; or
  - e. Contrary to the United States Constitution, the Constitution of Tennessee, or the Sports Gaming Act.
- D. The Chancery Court may remand an appeal to the Board to conduct further hearings.

### **15.2.9 PLAYER DISPUTES**

- A. Player disputes may involve the amount of a Wager, promotions, application of house rules, technology functions, any part of or transaction within the Interactive Sports Gaming process, or any matter important to the Player, or the public in general. Criminal violations will be referred to the TBI or appropriate law enforcement agency for investigation.
- B. In order to register a dispute, Players will be required to first file a formal grievance with the Sports Gaming Operator. The dispute must be filed within thirty (30) days of the occurrence of the incident or matter in dispute. In order to initiate the process, the Player will be required to provide to the Sports Gaming Operator, at a minimum, the following information:
- 1. Personal contact information (name, address, phone number, e-mail address, etc.);
  - 2. Sports Gaming Operator Licensee and website, app, or other Interactive Sports Gaming platform;
  - 3. The Player's name on and information relating to the Sports Gaming Account;
  - 4. Approximate date and time of the incident, amount and type of Wager in dispute, the Sporting Event and outcome, and any other relevant details regarding the incident, as applicable.

5. A summary of the incident including any statements or communications made to or by the Sports Gaming Operator or witnesses and their contact information (name, address, phone number, e-mail address, etc.);
6. Any other information or documentation pertinent to the dispute.

If the monetary value of the dispute is \$1,000 or more, the Sports Gaming Operator must notify the TEL upon initial notice of a formal grievance. Both the Player and the Sports Gaming Operator have an ongoing obligation to preserve any documents, information, or materials submitted as part of the formal grievance or relevant to the dispute.

- C. If the Player is not satisfied with the solution proposed by the Sports Gaming Operator, they can then present their grievance to the TEL within thirty (30) days of the decision by the Sports Gaming Operator. Upon receipt of the grievance, the TEL security staff will investigate the matter and, in collaboration with the TEL's legal department, make a recommendation to the CEO. The CEO will then issue a decision on the matter.
- D. If the Player or the Sports Gaming Operator is dissatisfied with the decision of the CEO, either party may file an appeal with the Sports Wagering Advisory Council ("Council") within thirty (30) days of receipt of the CEO's decision.

#### **15.2.10 APPEAL BEFORE THE SPORTS WAGERING ADVISORY COUNCIL**

- A. The Council, or a committee of the Council, will review the record on appeal and issue a written decision on behalf of the Council. If there is no new evidence or facts presented with the appeal, then the Council may decide the case on the existing record without a hearing.
- B. If a hearing is held, either party may request that the hearing be conducted before a court reporter. Such request must be in writing and include an agreement by the requesting party that it shall pay for, or that it shall procure at its own cost and on its own initiative, the court reporting services for such hearing. To be made part of the record, the original transcript of any such proceedings shall be submitted to the TEL's Director of Sports Gaming as soon as the transcript is available, but not later than five (5) business days after the hearing.
- C. A copy of the Council's written decision on the appeal will be sent to the parties by certified mail, return receipt requested, or hand delivered. The written decision of the Council, or a committee of the Council, will be final, and no further petition for rehearing or reconsideration to the Council will be allowed.

- D. If the Player or Sports Gaming Operator is dissatisfied with the decision of the Council, or a committee of the Council, either party may file an appeal with the Board within five (5) business days of receipt of the Council's decision.
- E. The Board, or a committee of the Board, will review the record on appeal and issue a written decision on behalf of the Board. A copy of the Board's written decision on appeal will be sent to the Player or Sports Gaming Operator by certified mail, return receipt requested, or by national courier service or hand delivered. The written decision of the Board, or a committee of the Board will be final, and no further appeal to the Board will be allowed.
- F. Either party may seek judicial review of the final decision of the Board, or a committee of the Board, in accordance with the Rules.